

**Joint Legislative Audit and Review Commission  
of the Virginia General Assembly**



**Gubernatorial Separation Authority:  
Follow-up**

**Staff Briefing  
June 10, 2002**

# Presentation Outline

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- **Study Mandate**
- **Gubernatorial Authority**
- **Update Information**
- **Policy Options**

# Study Mandate

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- In November 2000, the Joint Legislative Audit and Review Commission (JLARC) directed its staff to examine gubernatorial authority to provide separation packages to agency heads and gubernatorial appointees. A report was provided in June 2001.
- Subsequent to the staff report in June 2001 and a staff update in January 2002, the Commission directed staff to report on separations through the full administration.

# Gubernatorial Authority

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- The Governor has broad powers in the area of personnel and finance granted by Article V, Sections 7 and 10 of the *Constitution of Virginia*.
- The *Code of Virginia* (§2.1-113) designates the Governor as the “Chief Personnel Officer of the Commonwealth.”
- JLARC staff found no restrictions on the Governor’s ability to establish separation packages.

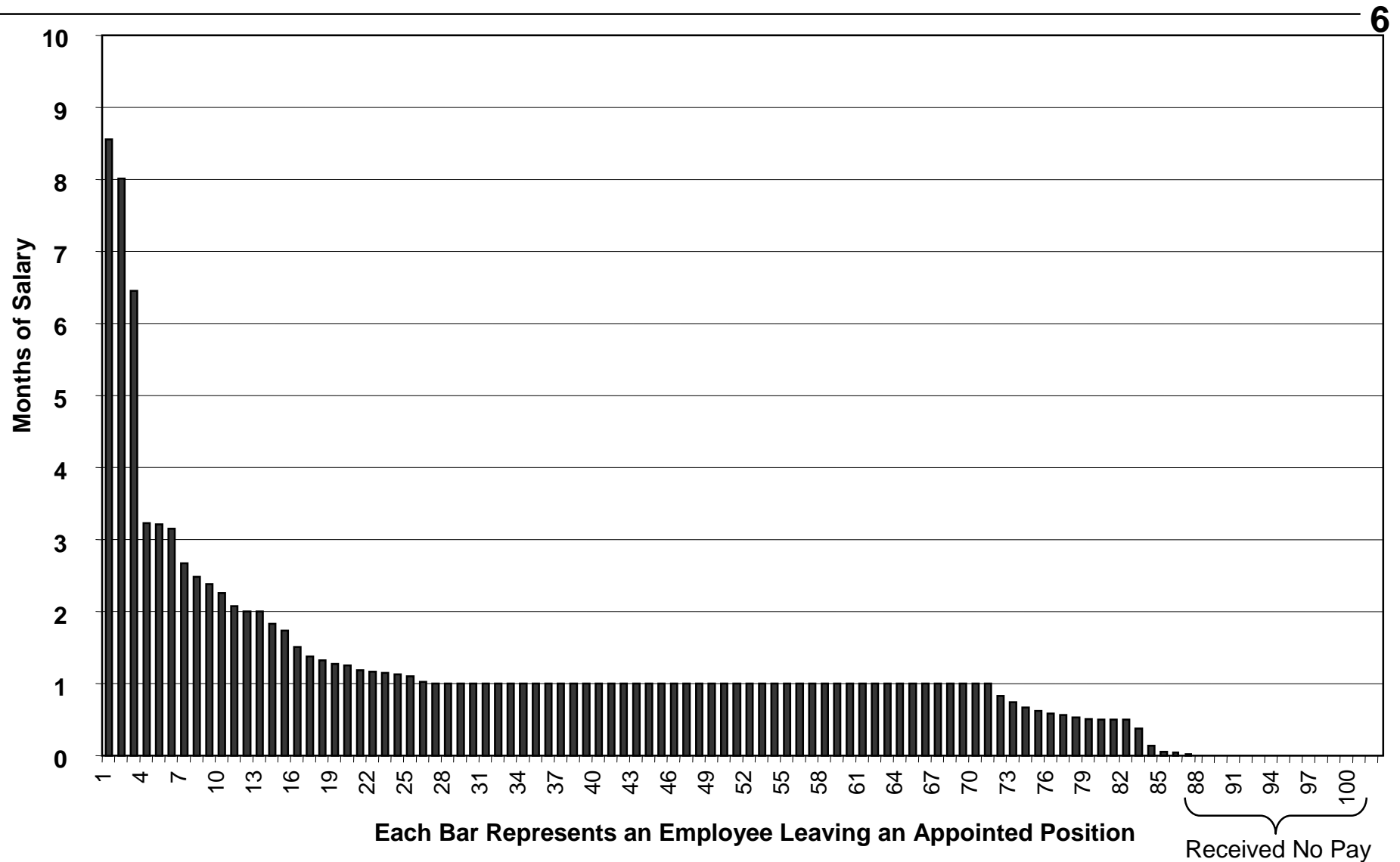
# Governor Gilmore's Use of Separation Packages

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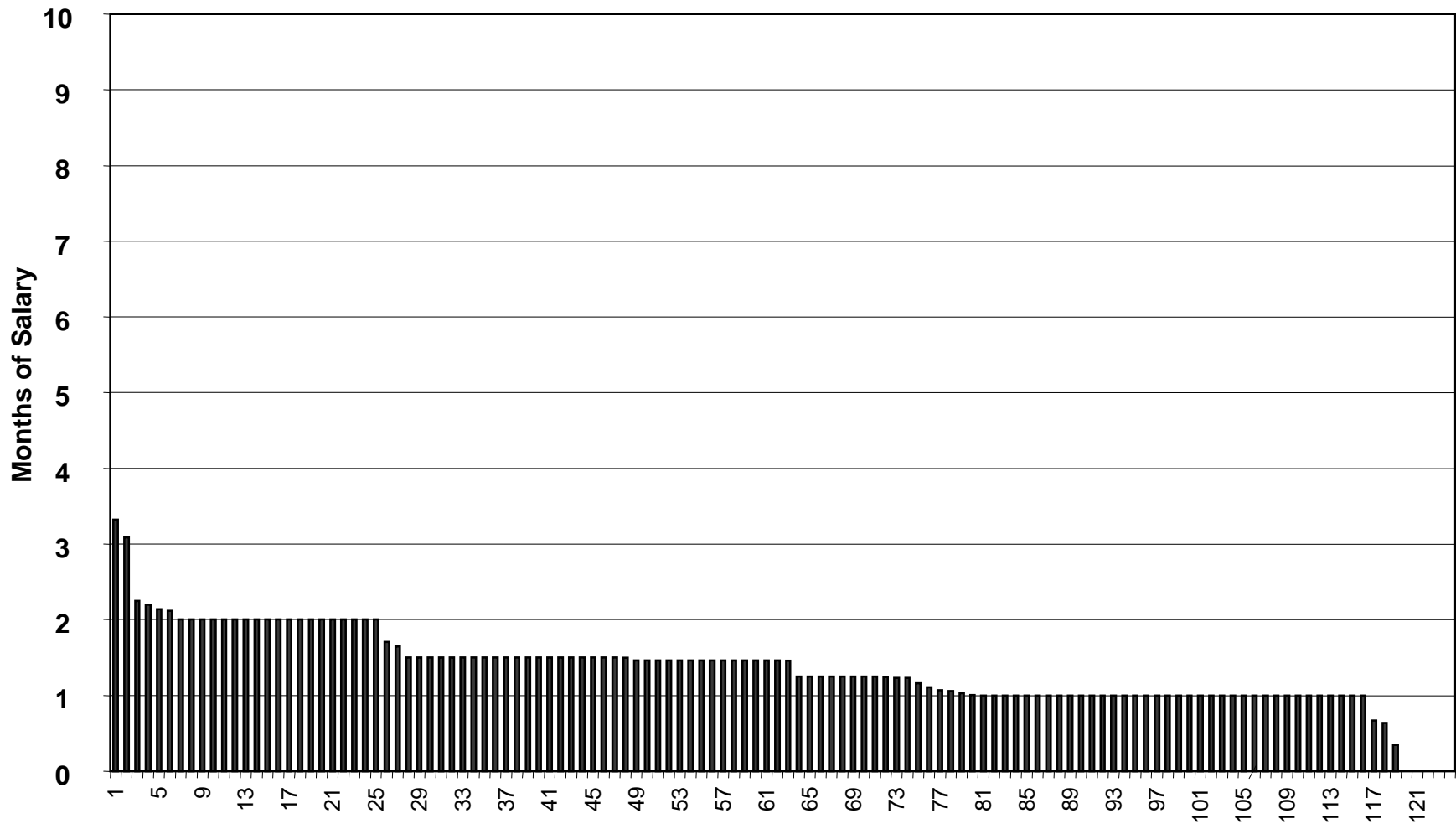
- During the administration, a total of 226 gubernatorial appointees and “at wills” departed State service.
  - The typical package was one month's pay.
  - The average package was worth 1.26 months of pay.
  - The average dollar value of a package was \$8,100.17.
  
- The value of packages increased after the 2001 JLARC report, but the maximum package decreased significantly.
  - Prior to the report, a package averaged 1.15 months pay and \$7,534.42. The maximum package was \$92,661.58.
  - After the report, a package averaged 1.35 months pay and \$8,565.54. The maximum package was \$21,922.38.

# Pre-JLARC June 2001 Report: Total Separation Pay Expressed as Months of Salary



# Post-JLARC June 2001 Report: Total Separation Pay Expressed as Months of Salary

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Each Bar Represents an Employee Leaving an Appointed Position

# No “Outlier” Packages Since 2001

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- The study was requested as a result of publicity received regarding one of three “outlier” packages. There were three separation packages provided prior to May of 2001 valued at over six to eight months of pay. The highest package was valued at \$92,661.58.
- Since the June 2001 study, two packages slightly exceeded the value of three months pay. The highest package was valued at \$21,922.38.



# Comparison of Separation Packages

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	<u>Pre- Study</u>	<u>Post- Study</u>	<u>Total Gilmore</u>
Number	102	124	226
Avg. total Separation Pay (amount)	7534.42	8565.54	8100.17
Avg. total Separation Pay (months)	1.15	1.35	1.26

# Comparison with Separation Policies in Previous Administrations

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- Most Governors, at least since 1977, have provided modest separation packages to appointees. In 1977 Governor Godwin authorized severance of “one month’s salary”.
- Governor Gilmore’s Chief of Staff issued a policy on March 16, 1999 stating that “severance pay is one month’s pay, and any variances from this must receive prior approval from the chief of staff.”
- Governor Warner’s Chief of Staff adopted a policy on April 11, 2002 that authorizes one month’s severance pay. Exceptions must be approved by the Chief of Staff.

# Conclusions

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- **Governors of Virginia have no restrictions on their authority to provide separation packages to appointees. Flexibility in the amounts provided also exists.**
- **For the most part, packages provided by Governors have been modest, approximately one month's pay.**
- **The magnitude and frequency of a few unusually generous packages may not be sufficient reason for substituting binding guidelines for the Governor's judgment.**

# Options for Consideration Presented in the June 2001 Report

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- *Option 1. Retain the status quo.*
- *Option 2. Apply the provisions of the Workforce Transition Act (WTA) to gubernatorial appointees.*
- *Option 3. Allow gubernatorial flexibility within specified parameters.*
- *Option 4. Require regular reports of separation packages.*
- *Option 5. Require regular audits of separation packages.*